

Message Text

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ACTION NEA-10

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R 120729Z FEB 76

FM AMEMBASSY KUWAIT

TO USDOC WASHDC

INFO SECSTATE WASHDC 4699

AMEMBASSY ATHENS

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

UNCLAS KUWAIT 0751

E.O. 11652: N/A

TAGS: BEXP, EIND, KU

SUBJ: MAJOR PROJECT/TRADE OPPORTUNITY: SYNTHETIC

AGGREGATES

1. EMBASSY HAS BEEN CONTACTED SEPARATELY BY UNIDO ADVISOR AT MINISTRY OF COMMERCE AND INDUSTRY DR. MOHAMMAD SHANA'A, AND BY DR. NABIL S. FAOUR, VICE PRESIDENT OF TALAL ABU GHAZALEH ASSOCIATES (TAGA), A LOCAL CONSULTING FIRM (AND LOCAL PARTNER OF PRICE-WATERHOUSE) IN REGARD TO SUBJECT PROJECT. GROUP OF PROMINENT KUWAITI BUSINESSMEN ARE ESTABLISHING A CLOSED COMPANY FOR PURPOSE OF BUILDING FACTORY TO MANUFACTURE SYNTHETIC AGGREGATES. BUSINESSMEN INTERESTED IN OBTAINING JOINT VENTURE AGREEMENT FOR THE PROVISION OF TECHNOLOGY WITH FOREIGN FIRMS, AND HAVE ENGAGED TAGA TO SEEK OUT SUCH FIRMS. BOTH DRS. SHANA'A AND FAOUR HAVE SOUGHT HELP FROM EMBASSY TO OBTAIN THE NAMES OF AMERICAN FIRMS IN SYNTHETIC AGGREGATE FIELD.

2. DR. SHANA'A EXPLAINED PROCESS INVOLVED: SAND AND DOLOMITE ARE FIRST BURNED TO A LIQUID STATE, THEN COMBINED WITH "GATCH" (MARINE DEPOSITED LIMESTONE SAND) UNDER PRESSURE TO PRODUCE GRAVEL (AGGREGATE) TO BE USED IN CEMENT PRODUCTION AND ROAD BUILDING. THOUGH ALL THREE RAW MATERIALS ARE AVAILABLE IN KUWAIT IN QUANTITY, IT IS NOT KNOWN WHETHER THEY

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ARE OF SUFFICIENT QUALITY TO PRODUCE GRAVEL OF SUITABLE

HARDNESS. DR. SHANA'A NOTED THAT THE PRESENCE OF CERTAIN ELEMENTS, SUCH AS MAGNESIUM OXIDE, WOULD INTERFERE WITH SYNTHETIC PROCESS AND PRODUCE LOW QUALITY GRAVEL. FOR THIS REASON, KUWAITI BUSINESSMEN ARE INTERESTED IN FIRST OBTAINING TECHNICAL STUDIES ON RAW MATERIALS (SAMPLES OF THWICH THEY ARE PREPARED TO PROVIDE). ONCE RAW MATERIAL AVAILABILITY AND SUITABILITY IS DETERMINED, BUSINESSMEN WILL GO AHEAD WITH JOINT VENTURE PARTNERSHIP ARRANGEMENTS ON A FACTORY TO PRODUCE SYNTHETIC AGGREGATES, IT IS EXPECTED THAT FIRM UNDERTAKING TECHNICAL STUDIES WOULD ALSO BE JOINT VENTURE PARTNER ON PLANT.

3. FYI TWO AMERICAN FIRMS (BATTELLE INSTITUTE (THROUGH A WEST GERMAN AFFILIATE BASED IN FRANKFURT) AND STANFORD RESEARCH INSTITUTE) HAVE EXPRESSED AN INTEREST IN UNDERTAKING TECHNICAL STUDY. FORMER FIRM HAS ALREADY PERFORMED SIMILAR STUDY ON OTHER PROJECT. IT IS UNCERTAIN, HOWEVER, WHETHER THESE FIRMS WILLING OR ABLE TO GO THROUGH WITH PLANT PORTION OF PROJECT, SO BOTH DRS. SHANA'A AND FAOUR REMAIN INTERESTED IN CONTACTING OTHER FIRMS. END FYI

4. COMMENT: PROJECT APPEARS TO BE A NATURAL FOR KUWAIT. COUNTRY'S NON-OIL RELATED INDUSTRIAL EFFORT IS CONCENTRATED ON CONSTRUCTION RELATED INDUSTRIES. PLANS ARE UNDERWAY FOR EXPANSION OF COUNTRY'S CEMENT PLANT, AND SAND-LIME BRICK AND ASBESTOS PRODUCTS FACTORIES, AS WELL AS FOR NEW PLANTS IN SUCH AREAS AS PLATE GLASS, MARBLE, POINT, FIBERGLASS, PRODUCTS, ALUMINUM DUCTS, ETC. ALL THIS ACTIVITY IS DESIGNED TO SERVE KUWAIT'S MASSIVE CONSTRUCTION BOOM IN HOUSING, PUBLIC BUILDINGS, INDUSTRIAL AND COMMERCIAL BUILDINGS, PORTS ROADS, ETC. A SYNTHETIC AGGREGATE PLANT COULD BE AN IMPORTANT ADDITION TO GROWING CONSTRUCTION-RELATED INDUSTRIAL SECTOR, AND WOULD HAVE NOT TROUBLE FINDING A LOCAL MARKET FOR ITS PRODUCT, MOST OF WHICH IS NOW IMPORTED. PROJECT THIS PRESENTS A SIGNIFICANT OPPORTUNITY FOR U.S. BUSINESS.

5. ACTION REQUESTED: EMBASSY FRANKLY IS UNABLE TO PROVIDE NAMES OF MANUFACTURERS IN SYNTHETIC (AS OPPOSED TO NATURAL) AGGREGATE FIELD. EMBASSY DID PROVIDE DR. SHANA'A WITH INFORMATION OF 1976 CONCRETE AND AGGREGATES SHOW (HELD IN UNCLASSIFIED

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HOUSTON, FEBRUARY 1-5), INCLUDING NAME OF ORGANIZER (VINCENT AHEARN, EXHIBITION MANAGER, CONCRETE AND AGGREGATE SHOW, 900 SPRING STREET, SILVER SPRING, MARYLAND 20910). EMBASSY REQUESTS THAT USDOC CURCULATE INFORMATION OF SUBJECT TRADE OPPORTUNITY TO INTERESTED FIRMS. DR. SHANA'A CAN BE REACHED AT FOLLOWING ADDRESS: MINISTRY OF COMMERCE AND INDUSTRY, P.O. BOX 2944, KUWAIT. DR. FAOUR'S ADDRESS IS AS FOLLOWS: TALAL ABU GHAZALEH ASSOCIATES, P.O. BOX 4628 SAFAT,

KUWAIT. CABLE: AUDITORS; TELEX 2119. REQUEST COMMERCE
ALSO PROVIDE ASAP NAMES AND ADDRESSES OF INTERESTED FIRMS
(PERHAPS BY CONTACTING ORGANIZERS OF CONCRETE AND AGGREGATE
SHOW) TO EMBASSY FOR TRANSMITTAL TO DRS. SHANA'A AND FAOUR.
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